

October 22, 2007

HOUSE BILL 4923 TWICE MONTHLY FOOD STAMP EBT PAYMENTS

The Associated Food and Petroleum Dealers strongly supports House Bill 4923 and ask that you vote YES for HB 4923.

The Associated Food and Petroleum Dealers (AFPD) represent 3900 independent retailer locations throughout the States of Michigan and Ohio. Many of our retailers are authorized by the Food and Nutrition Service (FNS) in accepting the Michigan Bridge Card for food benefits purchases. Currently, there are 5,870 Food Stamp licensees in Michigan. The Food Stamp Program payment method is currently a once-a-month benefit. A Food Stamp recipient receives a plastic card, referred to as a Michigan Bridge Card. The Food Stamp benefits post within the first 10 days of the month to the client EBT Account on the recipient's particular payment day and are immediately available to the recipient. This card allows withdrawals for food purchases at grocery stores and supermarkets. The store simply uses the EBT Bridge Card to "electronically" subtract purchases from the food stamp account. The recipient can only spend the amount that is in the account.

The AFPD urges your support of House Bill 4923 which calls for split issuance of monthly food stamp benefits.

House Bill 4923 mirrors Senate Bill 120 introduced by Senator Martha Scott earlier this year. (*Exhibit 1*) Senate Bill 120 also calls for a twice monthly electronic transfer of food stamp benefits which would make one half of food stamp benefits available to a recipient in the first part of the month and the balance of the monthly benefit posted in the second half of each month. HB 4923 will result in a more efficient Food Stamp Program for the State, the recipient, and the retailer. The Associated Food and Petroleum Dealers have been urging a change in the Food Stamp Distribution Method in Michigan for a number of years. This Bill has received media attention on the state and national level. The New York Times, as well as Detroit and Grand Rapids area news have reported on the sought after changes. (*See Exhibit 2*).

On February 21, 2006, the AFPD met with Governor Granholm and DHS representatives who conveyed interest in exploring the change. On June 27, 2006, Senate Bill 1334 was introduced which called for a change in food stamp distributions to a twice monthly method. (*Exhibit 3*). (*Legislation for twice monthly payments was reintroduced this year in House Bill 4923 and Senate Bill 120*). In August 2006, the legislature directed DHS to address concerns relating to the current system of distribution, urging changes in the program. In August 2006, the Michigan legislature approved inclusion of Section 681 in the DHS Budget Bill that recognized a need for change. Section 681 states:

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By December 1, 2006, the department shall implement policy changes in the distribution of food assistance program benefits to address concerns expressed by grocers, food providers, and the Michigan food policy council. The distribution change shall seek to achieve a more uniform flow of food assistance expenditures in any given month and also consider the needs of recipients. A report on the implemented policy changes shall be provided to the house and senate appropriations committees, the house and senate fiscal agencies, and the house policy offices by December 1, 2006. *(Exhibit 4)*

To date, it appears that no such report has ever been submitted to the committees, agencies or offices as required in Section 681.

The AFPD and other groups have been reporting that the current distribution method causes very high food stamp usage in the beginning of each month and has negative and detrimental effects on both retailers and recipients. From the business standpoint, many of our retailers and suppliers are doing 80 percent of food stamp related sales in the first 10 days of the month, as a result of the posting and availability of Food Stamps benefits during this period of time. The current payment method has created an enormous problem for in-store staffing, cash flow, supplier delivery, and inventory and quality control especially with respect to perishable items. Sales dip severely at the end of the month, and store staff is scheduled for fewer hours. Employers (both retailers and suppliers) are being forced to ask their employees to work 50 or more hours a week for the first two weeks of the month because of the heavy volume, with limited work hours left available to employees in the last two weeks of the month. This impacts those employees. Additionally, because of slowed sales, it is more likely that product is not being turned in the store and that it may not be as fresh, or have the same shelf life. Further, grocers report that vendors/suppliers have discontinued serving their area because of lack of steady or regular demand for products. Leveling off the distribution by distributing food stamps twice monthly for recipients would result in better quality of food, better ability that food stamp customers will take advantage of sales/ special pricing offered through the month, and better staffing and services. Grocers will also be able to better manage their inventory and ensure access to fresh items in store. HB 4923 would be a tremendous benefit to retailers, suppliers, wholesalers and manufacturers across the state by easing the burden of financial and management problems which results from the current EBT payment method.

Moreover, we are receiving numerous reports of an increase in crime against retailers in the second half of the month, which retailers are attributing to lack of funds for food purchases. It would appear that, from a statistical standpoint, that most, and in some cases, all of the funds in a recipient's EBT account are used or depleted during the first half of the month, leaving a small balance or no monies at the end of the month for necessary food purchases for the family. The current payment method imposes a hardship on recipients who may have difficulty or lack savvy in money management of a once a month payment. Local food pantries have reported an increased demand for food products the last two weeks of each month.

Research supports this cycle of food spending and the problem with nutrition quality. Dr. Parke Wilde, a nationally know food economist and an expert in the area of food stamps and food security supports a change in food stamp distribution to twice monthly for States. Dr. Wilde has found a direct correlation between obesity and monthly food cycles. Dr. Wilde is aware of the current legislation pending in Michigan and supports such legislation. His findings are confirmed by a recent empirical study conducted IN 2006 by the University of Minnesota, Department of Applied Economics and the USDA. *(Exhibit 5).*

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The AFPD has attended numerous meetings with various legislators, the Department of Human Services, various Grocers' groups, U. S. Food and Nutrition Service Regional Director Tim English, United Food and Commercial Workers, Food Policy Council representatives and others to discuss the effectiveness of the food assistance distribution system and strategies to achieve better distribution throughout the month.

During several meetings, the DHS claimed that recipients were better served if they were given all benefits in one lump sum, as they might have difficulty obtaining transportation to purchase food. However, data (from EBT transaction use records) clearly establishes that food stamp recipients use their food stamp cards on an average of 4-5 times per month, establishing that food stamp recipients have been able to, and certainly do, make trips to the market at least 4-5 times per month, and in some cases more often. DHS did not deny such data. Moreover, under HB 4923, if a shopper wishes to do their shopping once monthly, he/she can still make a single shopping trip in the middle of the month, instead of the beginning of the month once the second benefit check is issued.

DHS has resisted any change in the food stamp distribution method until the groups' last meeting where it eventually proposed a change to include a 19 day range of distribution. However, AFPD believes that the twice monthly payment will result in a more efficient Food Stamp Program for the State, the recipient, and the retailer for the reasons stated above. It appeared that DHS' primary concern over any change, related to the costs of such change in program administration. DHS complained that any change in the current food stamp distribution system would be prohibitively expensive and would involve initial transitioning costs in the amount of \$14 million for the first year and \$7 million the second year of conversion putting a price tag of \$21 million dollars on a change in distribution. The DHS has maintained that this cost was primarily to cover the expense of notifying or advising recipients of the change in distribution. The AFPD and other groups have repeatedly questioned and contested such calculations, feeling that DHS estimations were not realistic and were being made in an effort to discourage or put off those seeking a change in the system. It appears that AFPD's doubts as to the proposed costs were justified in that recently DHS has requested additional budget dollars of only \$600,000 for transition costs. *See language introduced in S.B. 232 (S-1)(Draft 1,).*

Sec. 681. From the money appropriated in part 1, the department shall expend \$600,000.00 to revise the distribution of food assistance benefits to implement a staggered food assistance payment schedule that spans 19 days in each month. The department shall work in collaboration with grocers, distributors, and merchants on effective education of food assistance recipients to ensure adequate notice of changes in the food assistance benefits distribution. The department shall update the senate and house appropriations subcommittees on the department budget and standing committees for human services on the progress and issues raised by this change in distribution.

These one time transition costs, which DHS attributes to primarily communicating the change to recipients, would be the same under HB 4923 since recipients would have to be contacted under either scenario. Further, AFPD has learned that the U.S. Food and Nutrition Service (FNS) would fund one half of any costs relating to Michigan's change in program administration. In addition to receiving ½ of funding dollars from FNS, the AFPD learned that FNS could also seek additional special appropriations for the change in program administration, if needed. Lastly, fielding calls from recipients regarding a change in distribution will be more effective if one is prepared. AFPD and other groups indicated their commitment

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to assisting in communicating the change to recipients in advance to any change. AFPD retailers see recipients frequently and can provide signage and other information relating to any future changes in food stamp distribution.

DHS also expressed a concern that a household which receives a small allotment would still require a single issuance. Computer technology is most likely available to issue a one time allotment for recipients with a very small benefit. DHS computers should be able to trigger a one time payment to those few recipients.

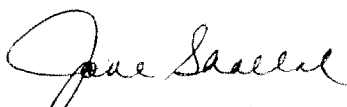
DHS also maintained that a twice monthly payment does not provide financial flexibility to recipients. However, in addition to food stamp benefits, DHS issues recipients additional cash assistance twice monthly on the same EBT card. When questioned about this fact, DHS claimed that a recipient is paid twice per month because his/her eligibility for cash assistance is routinely evaluated before a second payment is made during the second part of the month. It appears that no such determination is made with respect to whether the same recipient is eligible for food stamps benefits. In response, AFPD asserted that if a recipient was found to be ineligible for cash assistance during the second part of the month, there may be a good likelihood that they were also ineligible for food stamp benefits, and that a lack of similar determination may be resulting in waste of state and federal dollars.

DHS maintains that the once monthly issuance of food stamp benefits is intended to build self-sufficiency for families and individuals. However, it does not appear that such goal is being achieved in that there has been dramatic increase in and reliance on the use of food stamps. (*Exhibit 6*). The payment method proposed in HB 4923 would allow for more financially sound budgeting and management of monies by those who receive benefits and would align the food stamp distribution payments to the payment methods of other employed consumers and many salaried employees who are paid biweekly or receive paychecks twice-monthly. HB 4923 does not alter the amount of food stamp benefits that an eligible household will receive. It simply modifies the regular payment day schedule. As the State no longer issues "paper" food stamps, modifying posting of EBT payments would not require a significant change in process.

DHS states that it is not necessary to make any change as other states do not have twice monthly distributions. AFPD's discussions with other state associations have revealed that similar efforts were discontinued because of failure to achieve results or resulted in a compromise of some other alternative. (*Exhibit 7*) AFPD believes that our legislature has been presented with a ground breaking initiative, in which many other states will follow suit.

U.S. Food and Nutrition Service has indicated on several occasions that they would work with DHS to transition into a twice monthly distribution plan, should SHB 4923 be passed into law.

The AFPD and other groups have expressed strong support for HB 4923 (*Exhibit 8*). ***We ask that you VOTE YES for HB 4923.*** We look forward to working with you and the Department of Human Services in the development of a successful program. Thank you for your consideration of this matter.



Jane Shallal – President
Associated Food Dealers and Petroleum Dealers

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SENATE BILL No. 120

January 30, 2007, Introduced by Senators SCOTT, JACOBS, CLARKE, CHERRY, BRATER, HUNTER, SCHAUER, GLEASON, PRUSI, GARCIA and BIRKHOLZ and referred to the Committee on Families and Human Services.

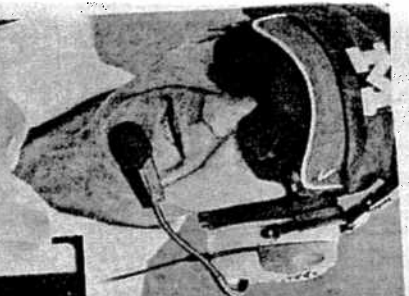
A bill to amend 1939 PA 280, entitled
"The social welfare act,"
(MCL 400.1 to 400.119b) by adding section 14j.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 14J. (1) IF THE DEPARTMENT DETERMINES THAT AN INDIVIDUAL
2 IS ELIGIBLE FOR FOOD ASSISTANCE BENEFITS, THE DEPARTMENT SHALL
3 ISSUE HIS OR HER REGULAR FOOD ASSISTANCE BENEFITS 2 TIMES EACH
4 MONTH. THE DEPARTMENT MAY CONTINUE TO ISSUE FOOD ASSISTANCE
5 BENEFITS ON A STAGGERED BASIS BY CASE ENDING DIGIT.

6 (2) THIS SECTION DOES NOT APPLY TO ISSUING INITIAL FOOD
7 ASSISTANCE BENEFITS, RETROACTIVE FOOD ASSISTANCE BENEFITS, OR
8 SUPPLEMENTAL FOOD ASSISTANCE BENEFITS.

EXHIBIT #2



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The Detroit News

Monday, September 10, 2007

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Metro Edition

they had to be, they were perfectly precise. Which was a game the Lions couldn't lose, not to the sackback.

Raiders, and they played at the end like they knew it. If this was the start of something different, it sure was a rollick.

what we've been waiting for them to do, to grab a weak opponent and shake until it stops moving.

lead midway through the fourth quarter, and the crowd

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IN OTHER NEWS



■ **Spears lands with MTV award.**
 ■ **Mich. Give pets, livestockables shots. 1B**

Food aid changes could help needy

■ **Twice-a-month assistance will let people make healthier choices, budget money better.**
 By NATHAN HURST
DETROIT — Each month, cashier Eunice Wilson witnesses the same cycle from her register in the Sav-A-Lot grocery store at Penkell and Schaefer. For the first two weeks of the month, the state Department of Human Services disperses that month's food assistance for low-income residents, the rush of customers creates almost too much work for the store's small staff. Toward the end of the month, after most customers have exhausted their food money, there isn't enough business to give the Sav-

A-Lot workers full-time hours. "It's crazy," Wilson said last week as a store full of customers loaded up on staples with their September food benefits. "Everybody runs in here and buys everything they can ... End of the month? Nothing." That would change under a Senate bill, introduced earlier this year, that would change the way food aid is distributed. Please see *Food aid*, Page 8A

causes party furor

■ **Some Republican lawmakers say his strong anti-gay remarks make it tough to bridge budget fix.**

By MARK HORNBECK
DETROIT — Republican lawmakers are increasingly irritated with their state party boss, Saul Anuzis, because they say his steady drumbeat against raising taxes is making it more difficult to work out a deal to resolve Michigan's nagging budget deficit.



Anuzis, chairman of the Michigan Republican Party, sends out a daily e-mail to about 4,000 party activists and opinion leaders called "Article of Interest" that includes his commentary on issues. Those comments often include statements exhorting legislators to stand tough against raising taxes as they bargain with Democrats to erase a deficit of up to \$1.8 billion by the Oct. 1 deadline to adopt a budget. A GOP legislative staffer, who asked to remain anonymous, said Republican lawmakers frequently grumble behind closed doors that they realize they'll eventually have to vote for a

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Food aid

Continued from Page 1A

this year by Sen. Martha Scott, D-Highland Park, that requires the Department of Human Services to distribute food assistance twice a month instead of once. Recipients now have money loaded onto their state-issued Bridge Cards, which work like debit cards, within the first nine days of each month. The law would make Michigan the first state to distribute food benefits twice a month, department spokeswoman Maureen Sorbet said. The state last year provided \$1.24 billion in federal food assistance to 1.13 million people, a number that has skyrocketed 81.3 percent in the past five years as the state's economy has slumped.

Supporters of Scott's bill, including a consortium of grocers, say twice-a-month distribution of food benefits would not only force recipients to better budget their money, but also encourage them to make wiser food choices, including buying fresh fruits and vegetables.

It also would help grocers, by spreading out the business from food assistance recipients and allowing stores to consistently stock fresh vegetables and meat. As it is now, a number of grocers say they have encountered suppliers who aren't willing to accommodate the fluctuating demand.

"This isn't something meant to restrict or hurt families," said Jane Shallal, president of the Associated Food & Petroleum Dealers, which represents thousands of Michigan grocery and convenience stores. "This would allow grocers to spread out the work and make sure food is fresh all month long. That's healthier for everyone involved."

The bill has few critics, but some welfare rights advocates have said the distribution could create a hardship for some families who have limited transportation to a grocery store. They also say twice-monthly distribution would make it harder for families to buy food in bulk to stretch food budgets.

Food assistance recipients don't have to spend all of their food benefits in one shopping trip at the beginning of the month, but many do — some because transportation is difficult to find for multiple trips to the store, others because it has become a habit.

Encourages healthier eating

Encouraging better food choices was Scott's motivation for the legislation, which she introduced after visiting grocery stores in her district during the beginning-of-the-month rush.

"A lot of them would be stocking up canned food and ramen noodles," Scott said in a telephone interview. "One woman was buying gallons of milk to freeze for the month because she felt like she had to spend it all at once. I know people do this to stretch their budgets, but distributing the funds twice a month would encourage people to eat healthier with more fresh fruits and vegetables."

That's one reason Laverne Glass started taking her nephew James food shopping twice a month. He used to spend his \$155 monthly assistance all at once because he was so relieved to have received the help after a month without access to much food money.

But when she started caring for him after he came home sick, the

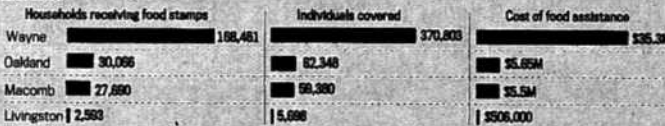
Use, cost of food stamps

In the past five years, the number of Michigan households and residents receiving food assistance money, along with the cost of the assistance, has increased.



Food stamps in Metro Detroit

The use of food stamps by county in Metro Detroit in September 2006 (the latest month for which figures are available):



Bridge Cards: How they work

- The state uploads food assistance benefit money once a month onto a Bridge Card, which works like a debit card. In July, those benefits for Michigan residents totaled \$115.7 million, an average of \$95.40 per person.
- The uploads are spread out over the first nine days of each month.
- Which day a family receives the money is based on the case number.
- Beneficiaries can use their Bridge Cards at more than 4,400 approved retailers to buy food and beverages. Not allowed are purchases of alcohol, tobacco products, nonfood items and cooked foods.

Source: Department of Human Services

shopping trips became more regular.

"They should do it twice a month," James Glass said as his aunt loaded groceries into her car. "You end up buying better food more often instead of just junk, because it'll keep better."

Grocers support the change

Grocers are behind the change, particularly those in Detroit and nearby suburbs who serve many low-income residents on food assistance.

Hattham Sheena owns five Glo-

ry Supermarket stores in Detroit, Highland Park and Hamtramck.

"My business drops off 50 or 60 percent toward the end of the month," said Sheena. "It's a problem with stocking the shelves in the beginning of the month and keeping fresh food at the end. It's a problem with having not enough help at the beginning of the month and not enough hours at the end."

Bashar Rabban, co-owner of the Sav-A-Lot on Fenkell and three other stores, worries about his employees dealing with fluctuating hours each month.

"When we're getting over \$17,000 a day in food stamp money at the beginning of the month but less than \$3,000 a day at the end, we can't afford to keep everyone in here full-time," Rabban said.

That leaves workers like Wilson, the cashier, struggling to pay first-of-the-month rents with dwindling end-of-the-month paychecks.

Cost to state: \$21 million

The cost of making the change is an issue for the Department of Human Services, which opposes the legislation.

It would cost \$21 million to change the software used to load money onto Bridge Cards, notify recipients of the change and increase staffing of phone banks that handle questions and complaints, Sorbet said.

"This comes at a time when the state has no extra money," Sorbet said. "It's a frivolous expenditure."

Shallal said the department cost projections are inflated to discourage passage of the bill.

The department has proposed an alternative to Scott's bill, spreading the distribution of the once-a-month benefits over 20 days. Sorbet said that change would take effect sometime next year, likely in late summer or early fall, should the bill requiring twice-monthly aid payments fail.

For its proposal, Human Services requested \$600,000, Shallal noted in a June letter sent to law-



James Glass of Detroit shops at Save-A-Lot. He says food aid should be distributed twice a month because "you end up buying better food more often instead of just junk, because it'll keep better."

makers encouraging support of the bill.

Sorbet said that proposal is less expensive because it wouldn't require a software change.

Scott said her bill, which has been referred to the Senate Committee on Families and Human Services, has strong backing from many lawmakers in Lansing, including 10 senators who are co-sponsoring the bill.

The same wording appears in House Bill No. 4923, introduced June 14, which also has been referred to a committee.

The Senate bill will go to a vote later this year, Scott said. If passed, it would need approval from the House and the governor.

You can reach Nathan Hurst at (313) 222-2293 or nhurst@detnews.com.

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State food council calls for changes in food stamp distribution

Updated: May 16, 2006 08:30 AM EDT

LANSING, Mich. (AP) -- A state advisory body on Monday passed a recommendation to stagger food stamp distribution over a wider period of time to ease problems faced by retailers in low-income areas.

The Michigan Food Policy Council will include the recommendation in a report to Gov. Jennifer Granholm in the fall.

Michigan currently distributes food stamps during the first nine days of each month. Retailers say that results in the majority of purchases occurring at the beginning of the month, leading to problems with inventory and staffing.

The Associated Food and Petroleum Dealers of Michigan has been pushing for changes to the system on behalf of many of its members who operate stores in Detroit's poor neighborhoods.

As part of its recommendations for improving access to fresh food, the Food Policy Council said the state should spread out food stamp distribution throughout the month.

In addition, the council said the Michigan Economic Development Corp. should initiate pilot feasibility studies for urban grocery store development in five under-served communities.

On the Net:

Michigan Food Policy Council: <http://www.mda.state.mi.us/mfpc/>

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Michigan retailers seek changes to food stamp system

Page 2 of 3

Nationally, the food stamp program served 23.9 million people in 2004, with an average monthly benefit of about \$86 per person and about \$200 per household.

In Michigan, each of the 512,000 households — 1.1 million individuals — currently on food stamps receives them on one of the first nine days of the month. The funds, no longer issued as paper coupons, are transferred electronically onto each recipient's Michigan Bridge Card, used like a debit card.

Most states similarly stagger distribution, though eight states issue everyone's benefits on the first of the month, according to the U.S. Department of Agriculture. Of those that stagger, the number of days varies from three in Connecticut to 22 in Missouri.

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Tom Wenning, general counsel of the National Grocers Association, said staggered issuance took hold as a way "to provide some relief both for the consumer and the retailer."

But many Detroit retailers say the nine-day spread is not enough. The

Associated Food and Petroleum Dealers of Michigan is asking the state to divide each recipient's food stamps into two payments per month — something federal law allows for, but no states currently do. The group says such a system would both ease the situation for businesses and help families budget more effectively.

"If we could get a twice-monthly distribution it would help us maintain the product in the store," said Najib Atisha, who owns two supermarkets in Detroit and estimates that more than 25 percent of his revenue comes from food stamps.

It would also help store owners with staffing levels, Atisha added. "You can't just hire somebody for 10 days and then lay them off," he said.

Greg Person, a meat cutter at K&G, said it would help him too. As it is now, there isn't enough work for him at the end of the month, and he ends up leaving early. His boss would pay him, but "I don't want to milk the clock," he said.

Advocates for the poor say splitting benefits into two payments could create hardships, particularly for people who live far from a store and can't afford to get there often. But some say they would support staggering the distribution of benefits over the whole month as a way to help grocers. That approach is advocated in the draft recommendation that the Food Policy Council will consider Monday.

Maureen Sorbet, a spokeswoman for the Michigan Department of Human Services, which handles the distribution of food stamps, said the department is evaluating the retailers' proposal, but is concerned about the potential costs. Even if a new system isn't more expensive to run, it would involve initial transition costs, such as a spike in customer service calls from confused recipients, she said.

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But Ealy, the food stamp recipient, said it's important to her to be able to spend her benefits when she wants to. "I'd rather just have it all up front," she said.

On the Net:

Michigan Department of Human Services: <http://www.michigan.gov/dhs>

U.S. Department of Agriculture: <http://www.usda.gov>

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THE NEW YORK TIMES NATIONAL SUNDAY, MAY 14, 2006

Grocers Seek Twice-Monthly Food Stamp Distributions

DETROIT, May 13 (AP) — At the beginning of May, the aisles of K&G Food Mart here were flooded with shoppers. But as the month has worn on, the traffic has slowed down.

The cycle, familiar to many grocers in poor neighborhoods, has a simple explanation: the start of the month is when people get their food stamps.

A group of small retailers and wholesalers in Michigan is asking for a change in the way the state administers the federal assistance program. The merchants hope that spreading out food stamp distributions can eliminate such swings in customer traffic, which they say make it difficult to keep stores adequately staffed and stocked.

On Monday, the Michigan Food Policy Council is scheduled to vote on the issue as part of its recommendations to Gov. Jennifer M. Granholm on ways to increase the number of stores selling fresh food in low-income areas.

As she wheeled her cart through K&G recently, Tamika Ealy, a 22-year-old food stamp recipient, said she tended to do most of her shopping early in the month.

"The food tends to be fresher at the beginning of the month," Ms. Ealy said.

While store owners say their food is always fresh, they acknowledge the selection is better on days that they expect more sales with queues so skewed, they say they have no choice but to adjust their inventory.

In Detroit, where more than a third of residents live below the fed-



Tamika Ealy of Detroit says she typically uses most of her food stamps at the beginning of each month, when "the food tends to be fresher."

eral poverty line, healthy food at reasonable prices can be hard to find.

Nationally, the Food Stamp Program served 23.9 million people in 2004, with an average monthly benefit of \$86 per person and \$200 per household.

In Michigan, each of the 512,000 households — 1.1 million people — on food stamps receives them within

the first nine days of the month. The funds are transferred electronically onto a debit card.

Most states stagger distribution, though eight states issue everyone's benefits on the first of the month, according to the federal Department of Agriculture. Of those that stagger,

the number of days ranges from 3 in Connecticut to 22 in Missouri.

Tom Weening, general counsel of the National Grocers Association, said staggered issuance took hold as a way "to provide some relief both for the consumer and the retailer."

But many retailers in Detroit say the nine-day spread is not enough. The Associated Food and Petroleum Dealers of Michigan wants the state to divide each recipient's food stamps into two payments a month, which federal law allows for but no states currently do.

"If we could get a twice-monthly distribution it would help us maintain the product in the store," said Najib Alisha, who owns two supermarkets.

It would also help store owners with staffing levels, Mr. Alisha said. "You can't just hire somebody for 10 days and then lay them off," he said.

Advocates for the poor say splitting benefits into two payments could create hardships, particularly for people who live far from a store and cannot afford to get there often. But some say they would instead support staggering the distribution of benefits over the whole month as a way to help grocers. That approach is advocated in the draft recommendation the Food Policy Council is to consider Monday.

Maureen Sorbel, spokeswoman for the Michigan Department of Human Services, which handles the distribution of food stamps, said the department was evaluating the retailers' proposal but was concerned about the potential costs. Even if a new system is not more expensive to run, it would involve initial transition costs, she said.

EXHIBIT #3

SENATE BILL No. 1334

June 27, 2006, Introduced by Senators SCOTT, EMERSON, SCHAUER, CHERRY, OLSHOVE, BARCIA, JACOBS, THOMAS, CLARK-COLEMAN, WHITMER, BASHAM, BRATER, HARDIMAN, PRUSI, CLARKE, BIRKHOLZ, CASSIS, SWITALSKI, JELINEK, CROPSEY and KUIPERS and referred to the Committee on Families and Human Services.

A bill to amend 1939 PA 280, entitled
"The social welfare act,"
(MCL 400.1 to 400.119b) by adding section 14j.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 14J. (1) IF THE DEPARTMENT DETERMINES THAT AN INDIVIDUAL
2 IS ELIGIBLE FOR FOOD ASSISTANCE BENEFITS, THE DEPARTMENT SHALL
3 ISSUE REGULAR FOOD ASSISTANCE BENEFITS ON A BIMONTHLY BASIS. THE
4 DEPARTMENT MAY CONTINUE TO ISSUE FOOD ASSISTANCE BENEFITS ON A
5 STAGGERED BASIS BY CASE ENDING DIGIT.

6 (2) THIS SECTION DOES NOT APPLY TO ISSUING INITIAL FOOD
7 ASSISTANCE BENEFITS, RETROACTIVE FOOD ASSISTANCE BENEFITS, OR
8 SUPPLEMENTAL FOOD ASSISTANCE BENEFITS.

EXHIBIT #4

1 activities. The department shall deliver the plan during the next
2 annual budget presentation to the senate and house appropriations
3 subcommittees on the department budget.

4 Sec. 678. (1) The department shall provide the house and
5 senate appropriations subcommittees on the department budget with
6 an annual report on the activities of the early childhood
7 investment corporation (ECIC). The report is due by February 1 of
8 each year and shall contain at least the following information:

9 (a) Expenditures for the prior fiscal year and planned
10 expenditures for the current fiscal year for ECIC administration
11 and for each program administered by the ECIC.

12 (b) The projected funding sources for the ECIC expenditures in
13 subdivision (a).

14 (c) A list of all new and ongoing contracts for ECIC programs.

15 (2) All contracts shall be bid out through a statewide
16 request-for-proposal process, and the department shall send a
17 report to the house and senate appropriations subcommittees on the
18 department budget covering the selection criteria for establishing
19 contracts at least 30 days before the issuance of any request for
20 proposals.

21 ~~Sec. 681.~~ By December 1, 2006, the department shall implement
22 policy changes in the distribution of food assistance program
23 benefits to address concerns expressed by grocers, food providers,
24 and the Michigan food policy council. The distribution change shall
25 seek to achieve a more uniform flow of food assistance expenditures
26 in any given month and also consider the needs of recipients. A
27 report on the implemented policy changes shall be provided to the
1 house and senate appropriations committees, the house and senate
2 fiscal agencies, and the house and senate policy offices by
3 December 1, 2006.

EXHIBIT #5

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U.S. FOOD POLICY



U.S. FOOD POLICY AND ECONOMICS FROM A PUBLIC INTEREST PERSPECTIVE

SATURDAY, MAY 13, 2006

Changing the monthly food stamp cycle

Retailers in Michigan are asking the state food stamp agency to consider distributing food stamp benefits differently, according to an AP article today by Sarah Karush (via Boston Globe).

In Michigan, each of the 512,000 households -- 1.1 million individuals -- on food stamps receives them within the first nine days of the month. The funds are transferred electronically onto a debit card.

Most states stagger distribution, though eight states issue everyone's benefits on the first of the month, according to the U.S. Department of Agriculture. Of those that stagger, the number of days varies from three in Connecticut to 22 in Missouri.

Tom Wenning, general counsel of the National Grocers Association, said staggered issuance took hold as a way "to provide some relief both for the consumer and the retailer."

But many Detroit retailers say the nine-day spread is not enough. The Associated Food and Petroleum Dealers of Michigan wants the state to divide each recipient's food stamps into two payments per month -- which federal law allows for, but no states currently do.

The monthly food stamp cycle is an issue that colleagues and I have been working on for several years (see [here](#), [here](#), and [here](#), and email

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me if you would like me to send an electronic copy of the full articles).

In addition to staggered benefits, Karush's article today also discusses benefit delivery more than once monthly. It says advocates for participants in Michigan opposed distributing the benefits twice monthly. However, there is a strong pro-participant case to be made for at least investigating such a policy. Now that benefits are distributed electronically, through debit cards, there is little administrative cost to delivering benefits twice monthly. It might help participants avoid "boom-and-bust" food cycles that harm food security and nutrition at the same time. Indeed, one may speculate that such cycles could be related to both hunger and risk of overweight and obesity.

In focus groups, some food stamp participants have recommended benefit delivery twice monthly (and I presume they weren't just hoping this meant double benefits!). Participant reception of such a policy is an open empirical question -- it seems quite possible that such a policy would solve a problem for retailers and participants at the same time.

POSTED BY PARKE WILDE AT 5:50 PM 2 comments LINKS TO THIS POST

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Inst. Agr. Trade Policy (IATP)
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Foundation (5 a day)
USDA Economic Research Service
USDA Food and Nutrition Service

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ALIZA

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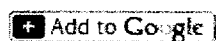
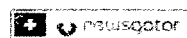
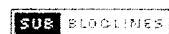
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Household Food Expenditures across Income Groups: Do Poor Households Spend Differently than Rich Ones?

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*Selected Paper prepared for presentation at the American Agricultural Economics
Association Annual Meeting, Long Beach, California, July 23-26, 2006*

Abstract: The Life Cycle - Permanent Income Hypotheses (LCPIH) suggests that the timing of an income payment or government transfer should have no effect on the expenditures of the recipient. In this paper we test the LCPIH against a dynamic model of household consumption which predicts clustered food expenditure. We use data from 7,013 households in fifty-two urban and peri-urban markets throughout the United States containing detailed daily expenditure data collected by ACNielsen Homescan for 2003. Specifically, we examine aggregate food expenditure patterns, shopping trip patterns, and expenditure patterns across retail channels over calendar weeks, weekly seven day cycles, and days of the week. Our main finding is that households in the lowest 25 percent of the income distribution that have zero employed people have a significantly higher differenced expenditure level in the beginning of the month and significantly lower differenced expenditure in the last week or weeks of the calendar month, thus rejecting the LCPIH. Further, we find that, in general, households do not use convenience stores as a complementary retail channel to the grocery channel.

Acknowledgements: This research was funded by the Economics Research Service of the United States Department of Agriculture and by the Minnesota Agricultural Experiment Station. Opinions and conclusions in this article are those of the authors and do not necessarily reflect those of USDA or the University of Minnesota.

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The Life Cycle - Permanent Income Hypotheses (LCPIH) suggests that the timing of an income payment or government transfer should have no effect on the expenditures of the recipient. This outcome, however, stands in contrast with anecdotal evidence indicating that individuals and households cluster their expenditures around the time of income payments or government assistance distributions. Food expenditures, given their relative frequency compared to other purchases, are typically noted to be especially vulnerable to cyclical fluctuations in purchasing patterns. On May 15, 2006 the New York Times (Associated Press, p. 25) reported that the food expenditure cycle in Michigan was so pronounced in poorer neighborhoods that food retailers were lobbying for a change in the way federal assistance programs were distributed in order to even out the swings in customer traffic, which retailers claim make it difficult to provide sufficient food stocks and staff.

This article makes two contributions toward further understanding food expenditure cycles using detailed household food expenditure data for 7,013 households in fifty-two urban areas throughout the United States. Specifically, we ask: 1) Do consumers' expenditure patterns or trips to the store exhibit cyclical, weekly, or daily patterns? 2) Does consumers' use of alternative food retail channels for food expenditures vary cyclically throughout the month?

We examine monthly household food expenditure patterns across five income groups. Understanding these expenditure patterns across income groups has implications for both private sector retail interests, such as those highlighted by the recent newspaper article, as well as policy makers concerned with the nutrition and food security of low income households. Expenditure patterns over the course of a month are of interest to

food retailers, since “bumps” in food expenditures – especially for perishable items such as dairy, meat, and eggs – have implications for inventory management at the retail level. Further, cyclical purchasing patterns of vegetables, dairy products, and meat products, in low income households may imply that these households experience monthly disruptions in their nutritional balance.

Cyclical patterns in the allocation of food expenditures across market channels are also of interest. Constraints imposed on low-income households by small cash reserves, lack of access to private transportation, and limited food storage space in their homes may make it less attractive to shop in club stores that cater to “stock-up” shoppers. Further, if it is true that poor shoppers supplement their monthly grocery store trip with purchases at neighborhood convenience stores and small grocery stores, this implies the household location influences a low income household’s optimal consumption bundle given the higher prices paid at these smaller stores.

In the sections that follow, we first review the relevant literature, focusing on those studies which have upheld and disproved the LCPIH and then those that have examined the LCPIH specifically with respect to food. Next, we present an alternative to the LCPIH in the form of a dynamic model of food purchasing patterns that is the basis for the alternative hypotheses formulation. We then describe the data sources for this article, describe our empirical estimation strategy, and present results. The article concludes with a summary discussion and concluding remarks.

Literature Review

The LCPIH suggests that the expenditure patterns should be unaffected by the receipt of a paycheck or income transfer. Results testing the empirical validity of the

LCPIH have been mixed. Hall uses Euler equations to test the LCPIH and finds supporting evidence using time series data to show that no variable, except for current consumption, has any power in predicting future consumption. Browning and Collado find empirical evidence supporting the LCPIH using expenditure and income data from Spain, which suggests that Spanish households smooth their consumption over the year independent of income flow.

Contrary to these findings, Zeldes and Jappelli et. al. find that liquidity or credit constraints do impact low income households' consumption behavior. Stephens (2003) reports further contradictory evidence suggesting that both the dollar amount and probability of expenditures increase directly after the receipt of a social security check. Shapiro also rejects the LCPIH hypothesis in an analysis of changes in individual consumption patterns in response to receipt of food stamps. Huffman and Barenstein find consumption expenditure declines between paychecks in the UK. These studies are a sample of the numerous studies that exist on both sides of this debate.

A number of studies have examined food consumption (e.g. Stephens, 2003) in light of the LCPIH. Low income households' food purchasing and consumption patterns have received considerable attention in recent literature. There is growing conclusive evidence that low income households exhibit cyclical food consumption and expenditure behavior that is dependent on the timing of their paycheck or government transfer. Wilde and Ranney find that the mean food energy intake for food stamp recipients drops significantly by the fourth week of the month. Stephens (2003) supports the cyclical expenditure hypothesis with his work documenting how food expenditures depend on social security checks, finding that expenditures spike immediately after the receipt of a social security check. Further advancing the idea that poor households exhibit fluctuating

food supplies, Shapiro finds that caloric intake declines 10 to 15 percent over the food stamp month. Stephens (2002) examines the expenditure patterns of perishable, or immediately consumed goods using data from the United Kingdom, and finds that consumption for households that face liquidity constraints is influenced by the timing of pay-check receipt.

These studies provide evidence that government transfers influence the food intake and expenditure patterns of recipients. However, they do not offer a clear picture of food expenditure patterns for the working poor in general. Previous studies suggest that food stamp recipients cluster their expenditures around the time of the transfer and typically have one large grocery shopping trip each month as a result of transportation constraints or lack of storage capacity (Wilde and Ranney). There is anecdotal evidence that low income households make smaller trips to higher price stores for the rest of the month.

This article contributes to this body of literature by using a comprehensive data set documenting all household food expenditure for 7,013 households for each day in 2003 in an empirical analysis based on a simple but robust dynamic programming model of consumption. We integrate the question of food expenditures into the larger body of literature testing the LCPIH and examine whether households with different employment structures in different income groups vary their food expenditure over the course of a month. We examine this question by testing whether expenditures on food items exhibit a cyclical pattern and whether the frequency of food shopping trips differs over the course of a month. We also test whether consumers utilize different food retail channels over the course of the month.

Theoretical Model of Food Purchasing Patterns

The theoretical model presented in this section is used to support the formulation of our alternative hypotheses which reject the LCPIH. Hence this model explains why consumers would not inter-temporally smooth their food expenditures. A highly stylized version of the consumer's problem can be stated as a dynamic programming problem with two choice variables – current food consumption, c_t , and current food purchases, p_t – and two state variables – current cash balances available for food purchases, b_t , and current food stocks, s_t . The state equations for this problem are:

$$b_{t+1} = b_t - p_t + i_t \quad (1)$$

$$s_{t+1} = s_t + p_t - c_t \quad (2)$$

where i_t is cash income in the current period. Note that stocks of food are measured as a cash-equivalent. The Bellman equation for this problem is:

$$\begin{aligned} \max_{c_t, p_t} V(b_t, s_t, t) &= f(c_t) + \delta V((b_t - p_t + i_t), (s_t + p_t - c_t), (t+1)) \\ \text{s.t.} & \\ c_t &\leq s_t + p_t \\ p_t &\leq b_t + i_t \end{aligned} \quad (3)$$

where $V(b_t, s_t, t)$ is the maximum utility that can be achieved over an infinite horizon starting at time t with current cash balances available for food purchases, b_t , and current food stocks, s_t , and $f(c_t)$ is the utility of current consumption. We assume that $f_1 > 0$ and $f_{11} < 0$ and that $V_1 > 0$, $V_2 > 0$, $V_{11} < 0$, and $V_{22} < 0$. Assuming an interior solution, the first order conditions for the solution are:

$$\begin{aligned} f_1 - \delta V_2 &= 0 \\ -\delta V_1 + \delta V_2 &= 0 \end{aligned} \quad (4)$$

It can be shown that as current cash balances increase, both food consumption and food purchases increase. As current food stocks increase, consumption increases, while food

purchases decrease. Finally, as current income increases, both current consumption and current food expenditures increase, but the increase is less than the increase in current income. The magnitude of these effects increases as cash balances and food stocks approach zero. Together, these results suggest that food purchases for low income consumers will be concentrated around the time when they receive income or government transfers and that expenditures for higher income consumers will be less sensitive to fluctuations in income.

The following null hypothesis is based on the LCPIH:

1. Households will not cluster their food expenditures in a cyclical pattern around pay periods, government transfers of food stamps, or social security checks.

If this hypothesis is rejected, especially for low income households, this result would provide evidence in support of our alternative model. We also explore two other hypotheses related to the number of trips and distribution of expenditures among retail channels:

2. Households will not exhibit cyclical, weekly, or daily patterns in their distribution of expenditures among retail channels.
3. Households will not exhibit different shopping trip cyclical, weekly, or daily patterns.

Rejection of these null hypotheses would lend support to Stephens' (2003, 2002) findings that households do respond to paycheck and government transfers by clustering their food expenditures around the time of the paycheck or transfer.

Data Sources

We use ACNielsen Homescan data in this article. This unique data set captures all food expenditures for the participating households, identifying the date and the name

of the store where each purchase was made. The sample includes 7,013 households in fifty-two market areas in the United States for all twelve months of 2003. Market areas include both urban and peri-urban areas. In addition to food expenditures, the data set contains demographic information for each household, including variables that measure household size, household composition, income range, age and education of household heads, presence of children, and employment status of the household head.

For our analysis we group households by per capita income, which is calculated by dividing the median of the income range reported by the household by the reported household size.¹ Households are divided into five income groups based on per capita income. These groups represent the lowest 5th, 5-10th, 10-25th, and 25-50th percentiles, and top half of the per capita income distribution. A finer segmentation of lower income households was used to better capture cyclical expenditure patterns within these groups and more accurately identify liquidity constrained households.

These income groups are used in three sets of analyses. The first examines the daily expenditure patterns for food items. Second, we examine cyclicity in the patterns of daily trips that a household makes over the course of a month. A trip is defined as a visit to a unique store, therefore there is some error introduced in counting trips, such that if a household makes two trips in one day to the same store, this is counted only as one trip, and further if a household visits two stores in the same trip this is counted as two trips. Finally, we investigate how daily food expenditures are allocated among major retail channels. Four market channels are examined: grocery, drug, convenience, and other.

It is likely that employment status of income earners impacts the liquidity of a household. For this reason, households are further categorized according to the number

¹ This measure of per capita income is subject to error, but it is used only to group households and so does not introduce measurement error into our regression analysis.

of employed household heads to examine how employment status is related to expenditure patterns. Three mutually exclusive and exhaustive employment statuses are used in the estimation process: i) households with no one employed, including dual retired household heads (0 employed), ii) households with one income earner, including single headed households (1 employed), and iii) dual income households (2 employed).

Econometric Model

We consider three cyclical patterns in our analysis. The first is a four week cycle that captures weekly or bi-weekly pay periods. This twenty-eight day cycle is divided into four weeks that begin on Mondays. Each week in the cycle is associated with a binary variable, $WEEKCYCLE_j$, $j \in \{1,2,3,4\}$, and one and only one of these binary variables will be equal to one for each day over the course of the year. The second cycle is the seven days of the week, each of which is associated with a binary variable, DOW_k , $k \in \{1,2,3,4, 5,6,7\}$. One and only one of these binary variables will be equal to one for each day over the course of the year. The final cycle in our analysis is the four weeks of a calendar month, with the first week starting on the first of the month and ending on the seventh. Because the number of days in a month varies, the fourth “week” of the month varies in length from seven days in a non-leap year February to nine days in a thirty day month and ten days in a thirty-one day month. Each of these weeks is associated with a binary variable, $CALWEEK_s$, $s \in \{1,2,3,4\}$. Once again, one and only one of these binary variables will be equal to one for each day over the course of the year.

Daily food expenditure for household i on day t , E_{it} , can be described by the following expression:

$$E_{it} = \sum_{j=1}^4 \alpha_j \text{WEEKCYCLE}_{jt} + \sum_{k=1}^7 \beta_k \text{DOW}_{kt} + \sum_{s=1}^4 \gamma_s \text{CALWEEK}_{st} + \epsilon_{it} \quad (5)$$

where α_j , β_k , and γ_s are parameters to be estimated and ϵ_{it} is a random error. There are several problems with this specification, however. A typical household will have many days with no food expenditures, and days with large expenditures are often followed by days with no expenditures or only small expenditures. Therefore, zero observations and autocorrelation pose econometric challenges in this analysis. In addition, the model fails to account for household characteristics that may affect the general level of expenditure for a household.

In order to eliminate zero observations, each household's mean daily food expenditure for the relevant month was subtracted from food expenditures for each day – i.e.,

$$D_{it} = E_{it} - \overline{E_{im}} \quad (6)$$

where D_{it} is differenced expenditure, E_{it} is expenditure, and $\overline{E_{im}}$ is the mean daily expenditure for household i in month m , the month associated with day t . This yielded 365 daily differenced values for each household. Differencing the daily aggregate expenditures reduces noise in the analysis and also eliminates the need to account for differences in household characteristics that may affect the general level of expenditure. Differencing does not eliminate the problem of autocorrelation, however.

In order to eliminate problems associated with autocorrelation, each household's differenced expenditures D_{it} were averaged for all the days throughout the year with values of one for each of the fifteen binary variables in the model – i.e., each of the four WEEKCYCLE binary variables, each of the seven DOW binary variables, and each of the four CALWEEK binary variables. These variables are designated AVG_D_{ir} , $r \in$

{1,2,3, ..., 15}... For example, there are 84 (12 weeks and 7 days per weekly cycle) daily expenditure observations in 2003 that have a value of one for WEEKCYCLE₁. These 84 observations were averaged to create AVG_D₁₁ for each household, the mean value of daily food expenditures for the first week of the twenty-eight day cycle. Repeating this process for each of the binary variables in the model yielded fifteen observations for each household, with each observation being the mean deviation from the average daily food expenditure associated with the corresponding cyclical indicator. The new model is:

$$AVG_D_{ir} = \sum_{j=1}^4 \alpha_j WEEKCYCLE_{jr} + \sum_{k=1}^7 \beta_k DOW_{kr} + \sum_{s=1}^4 \gamma_s CALWEEK_{sr} + \epsilon_{ir} \quad (7)$$

Stephens (2003) uses a similar specification to explain household specific expenditure. His model includes the WEEKCYCLE and DOW variables as well as others unique to his analysis.

With fifteen observations for each household and 7,013 households, the dataset used for this analysis consists of 105,195 observations. The model was run for each income group and employment group for to explain four week, day of the week, and calendar week patterns in (1) aggregate differenced food expenditures (tables 1, 2, 3), (2) the number of shopping trips (tables 4,5,6), and (3) expenditures within retail channels (tables 7-15). The model was estimated using ordinary least squares, with parameter standard errors corrected for heteroskedasticity using White's method.

Predictions based on the theoretical model suggest that low income households will respond to liquidity constraints by clustering their expenditures around the time of an income inflow. Therefore, we expect the parameters associated with the CALWEEK and perhaps with the WEEKCYCLE binary variables to be jointly significant based on an F-test. Also, because most transfer payments, such as social security payments and the

assignment of food stamp benefits are made early in the month, we expect parameters associated with $CALWEEK_1$ and $CALWEEK_2$ to be statistically significant and positive. We expect the DOW variables to be jointly significant for all income groups, with the pattern exhibited by individual parameters reflecting differences in time constraints.

Empirical Results

Food expenditure patterns

Weekly cycles show little consistent pattern across income groups and employment structures. If expenditure clustering by weekly cycles were due to liquidity constraints we would expect to see alternating positive and negative coefficient signs for those households who get paid every other week, no pattern for those that get paid weekly, and a single positive week for those that get paid every four weeks,. However, the dataset used does not have information on paycheck or government transfer periodicity and therefore it is likely that many different pay period patterns are represented by the households included. Contrary to prior expectations all three employment groups exhibit a significant and positive differenced expenditure in the second cycle for the highest income group (tables 1,2 and 3). The third cycle is negative and significant in the one employed household at the 5% level and negative and significant at the 10% level in two employed households. It is likely that these cyclical patterns are not reflective of liquidity constraints resulting from pay period cyclicity, but rather that they capture the cyclical shopping behavior of higher income households independent of their pay periods. We likely fail to capture the cyclical nature of low income households due to liquidity constraints because of the multiplicity of pay periods represented by the households.

Results concerning week of the calendar month (CALWEEK) show a much more defined pattern for household food expenditures consistent with our hypothesized outcomes. Zero employed households are the most likely to depend on some sort of government transfer, be it social security payments or food stamps, both of which are issued one time per month and typically at the beginning of the month (table 1). This is reflected in the lowest three income groups for the zero employed households. The results suggest that these low income households have positive and significant differenced expenditures in the first week of the calendar months, with decreasing expenditures throughout the month and negative and significant expenditures in the last week of the calendar month. These results offer strong evidence that government transfers have an important influence on the timing of food expenditures for low income households.

The weekly pattern in the one employed (table 2) and two employed households (table 3) is less pronounced. In the one employed households the lowest three income groups still exhibit negative differenced expenditure in week four of the calendar month, but the first three weeks, save for week 2 in the 5-10% income group, have positive differenced expenditures. The two employed households show no calendar week effects on their food expenditure patterns. This is likely because two income households receive pay checks several times per month and therefore do not cluster their expenditures around a single monthly payment.

Day of the week (DOW) effects are highly supportive of our research hypotheses. In the case of zero employed households (table 1), day of the week effects have a varied and inconsistent pattern throughout the week. We would expect this result given the low opportunity cost of time devoted to shopping for these households. The only notable

patterns for zero employed households are that the highest income group seems to prefer to shop midweek and nearly all income groups shop less on Sundays. One and two employed households (table 2 and table 3) show much stronger results for day of the week shopping patterns. In both cases, across income groups, households have positive and statistically significant differenced expenditures for both Saturday and Sunday. This very likely reflects their increased opportunity cost of shopping during the working week days.

Patterns of food shopping trips

We hypothesize, based on anecdotal evidence that low income households make one large shopping trip at the beginning of the month and then smaller more frequent trips toward the end of the month. Our analysis based on the number of daily shopping trips differenced from the average daily shopping trips for that month does not support this hypothesis. In the case of zero employed households (table 4) the number of trips a household makes is largely consistent with food expenditure patterns. The lowest three income groups make more differenced trips toward the beginning of the calendar month and significantly fewer in the fourth week of the month. One employed households (table 5) also show some evidence that households make fewer shopping trips in the last calendar week of the month. Cyclical patterns in both zero and one employed households show several statistically significant cycle differences, but it is unlikely given their pattern of trip frequencies that these are due to liquidity constraints. Dual employed households (table 6) show no cyclical or weekly trip patterns. Day of the week effects are also consistent with findings from the expenditure analysis. Both one and two employed households make significantly more trips on Saturday and Sunday, whereas

zero employed households make fewer trips on the weekends and significantly fewer on Sundays.

Food expenditure patterns among retail channels

Across income groups and employment groups patterns of expenditures in the grocery retail channel are similar to patterns that we observed in the aggregate food expenditure regression analysis (tables 7, 10, and 13). This is reasonable considering that a majority of household food expenditures are spent in the grocery channel, typically over 70 percent. Lower income households with zero employed spend significantly more in the beginning calendar months and then expenditures drop off as the month goes on.

The drug store retail channel shows relatively no significant patterns in the case of zero employed household (table 8). The signs of coefficient estimates are largely consistent with those of expenditure patterns in the grocery channel. We fail to reject the hypothesis that the coefficients are different from zero at any reasonable significance level in the case of calendar weeks, and we further fail to reject that the coefficients are different from zero for nearly all of the cycles for all employment groups. Day of the week expenditure patterns in drug stores are generally consistent with the opportunity cost induced patterns observed in the aggregate expenditure regressions discussed above.

If it is true that low income households make larger trips to the grocery store at the beginning of the month and smaller trips to smaller retail channels such as convenience stores toward the end of the month, we would expect to see an increase in differenced expenditures in convenience stores as the month proceeds. We do not find evidence of this trend. However, the trend that we do identify may be more troubling in terms of nutritional balance and household food supply. The lowest 10 percent of the income distribution for zero employed households exhibits the same spending patterns in

each retail food channel, which implies that they are not balancing their food expenditures toward the end of the month with smaller convenience store trips (table 9), but rather decreasing their expenditures altogether. This may signal a food insecurity vulnerability for these households. More generally, across income groups and employment groups it appears that convenience store shopping is not a substitute for grocery store shopping except for possibly in the 10-25 % income group in the zero employed households (table 9) which has opposite and significant signs associated with calendar weeks between grocery and convenience store purchases.

Concluding Remarks

This article examines the expenditure patterns of a sample of 7,013 households in fifty-two urban and peri-urban markets throughout the United States using detailed daily expenditure data collected by ACNielsen Homescan for 2003. Specifically this article examines the aggregate food expenditures patterns, shopping trip patterns, and expenditure patterns within retail channels over calendar weeks, weekly seven day cycles, and days of the week. Our main findings are that households that have zero employed people who are in the lowest 25 percent of the income distribution have a significantly higher differenced expenditure level in the beginning of the month and significantly lower differenced expenditure in the last week or weeks of the calendar month. We suggest that this is likely a result of expenditures clustering around government assistance distributions such as social security payments or food stamps. Further, we find that the frequency of shopping trips is largely consistent with the pattern of aggregate expenditures, rejecting the hypothesis that low income households make one large trip at the beginning of the month and then supplement their household food supply

with smaller trips toward the end of the months. Finally, we find that the poorest of the zero employed households make fewer differenced expenditures in convenience stores toward the end of the month, suggesting that these households may be vulnerable to food insecurity in the later parts of the calendar month. These findings are important for policy makers concerned with the effectiveness of government assistance programs targeted at reducing household food insecurity. Further, these results support statements by retailers about monthly spikes in expenditures that make it difficult for them to adequately stock and staff their retail establishments.

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EXHIBIT #6

Subscribers Note: In 2006, Gongwer celebrates its 100th anniversary of comprehensive reporting, making Gongwer the nation's longest-running publication on state government and politics. Michigan's role in the Gongwer tradition dates to 1961 when coverage began on the Constitutional Convention. As part of the centennial celebration, we will regularly revisit governmental and political events that shaped Michigan's history.

A.G.: HIGHWAY AD LAW PREEMPTS COUNTIES REGULATIONS

The state's Highway Advertising Acts preempts counties from regulating the size, lighting and space of signs in an adjacent area, according to an Attorney General opinion released Friday.

In the opinion letter addressed to Rep. Tim Moore (R-Farwell), Attorney General Mike Cox states that while the County Zoning Act provides the power to county commissions to regulate outdoor signage, the Highway Act preempts that authority and only a city, village, township or charter township is allowed to regulate signage in their jurisdiction.

The act also allows for review of whether the exemption should apply to counties, Mr. Cox wrote.

However, as long as the signs in question are not within what is considered an adjacent area by the Highway Act, then any local regulatory body, such as a county under the County Zoning Act, has authority to control signage.

GOVERNOR INKS BACKGROUND CHECKS FOR NURSING HOMES

New employees of nursing homes and assisted living facilities will be required to undergo a criminal background check under legislation signed into law by Governor Jennifer Granholm on Friday.

"By requiring background checks on new employees, we can ensure that people who shouldn't have access to our parents and grandparents don't," Ms. Granholm said in a statement.

In the fall, the Department of Community Health received \$5 million from the federal government for the background check system. The legislative package received nearly unanimous support from the Legislature.

"This legislation makes Michigan a leader at the national level by requiring federal checks of all new employees who have direct access to elderly and disabled patients," said DCH Director Janet Olszewski.

The new laws will apply the pilot project to most providers, including skilled nursing facilities/nursing facilities, hospices, long-term care hospitals/hospitals with swing beds, home health agencies, residential care and assisted living facilities and intermediate care facilities for persons with mental retardation.

Signed into law were HB 5168, PA 26; HB 5448, PA 27; SB 621, PA 28 and SB 622, PA 29.

WELFARE CASELOADS SLIGHTLY DOWN, FOOD ASSISTANCE UP

The number of families receiving cash assistance from the state decreased slightly in January, while the number of families who received Food Assistance Program aid rose for the fourth consecutive month, according to reports from the Department of Human Services.

The Family Independence Program had 79,078 cases in January, down from 79,138 in December. The caseloads represented 213,997 persons receiving aid in January, down from 214,058 in December.

At an increase of nearly 10,000 since October, 506,506 families received Food Assistance Program benefits in January. That compares with 502,981 in December, 498,935 households in November and 497,814 in October.

EXHIBIT #7

**ILLINOIS FOOD RETAILERS ASSOCIATION**

1919 S. HIGHLAND AVE. • SUITE 265 • D • LOMBARD, IL • 60148-4996

630-627-8100 • TOLL FREE ILLINOIS 1-800-624-6712

E-MAIL: ILFOOD@ILFOOD.ORG • FAX: 630-627 8106

January 4, 2005

Ms. Marva Arnold
Director
Division of Human Capital Development
Illinois Department of Human Services
401 South Clinton, 3rd Floor
Chicago, IL 60607

Re: Food Stamp Distribution Schedule

Dear Director Arnold:

Attached is a very disturbing email that I received from Fairplay Foods. I thought it was important for you to see it just as it came into me.

Fairplay Foods has repeatedly asked for our assistance in requesting a more even distribution of food stamp benefits in order to properly serve their customers (both link and non-link customers).

The unfortunate incidences that occurred on January 1, 2005, were not the result of a power outage or some other isolated problem. These problems occurred during normal business hours in Fairplay because of the disproportionate distribution of food stamp benefits on the first of the month which makes it very difficult for grocers to properly stock their shelves and serve their customers.

We are resending a copy of the petition Fairplay signed on September 11, 2004, which was mailed to your Chicago office on October 22, 2004 along with other signed petitions. Also enclosed is a copy of data showing a detailed day-to-day comparison of number of customers per day for a three month period for two Fairplay store locations. This report, along with reports from other retailers were sent to the Springfield office on June 29, 2004.

Celebrating 80 Years

2005
9292005

Ms. Marva Arnold
Illinois Department of Human Services

January 4, 2005
Page 2

The association respectfully requests a meeting with you as soon as possible to re-address this critical issue before a real tragedy happens. Mike Kozlowski, Vice President of Fairplay and his small sub-committee consisting of myself and three member companies welcome this opportunity and look forward to meeting with you to discuss the need for changes in distribution dates.

Sincerely,



Brian R. Jordan
President

BRJ/ms
Enclosures

cc: Mr. Mike Kozlowski, Fairplay Foods

Subject: TAXES & EBT

From: "Mike Kozlowski" <koz@fairplayfoods.com>

Date: Sat, 1 Jan 2005 14:29:39 -0600

To: <BJORDAN@ILFOOD.ORG>

BRIAN, WE NEVER RECEIVED ANYTHING AT STORE OR CORPORATE LEVEL ABOUT THE INCREASE OF THE CITY TAX. IDEAL LIQUORS (MISKA PROGRAM) DIDN'T RECEIVE ANY NOTICE EITHER. PLEASE INFORM.

ALSO, WHERE DO WE STAND WITH THE STATE IN GETTING THE EBT DISTRIBUTION SPREAD OUT OVER THE MONTH?

THE POLICE HAD TO BE CALLED ONCE TO EACH STORE, TO 4640 S. HALSTED 4 TIMES AND ONCE FOR THE AMBULANCE.

HELPPPPPPPPPPPPPPPPPPPPPPPPPPPP!

**ILLINOIS FOOD RETAILERS ASSOCIATION**

1919 S. HIGHLAND AVE. • SUITE 265 • D • LOMBARD, IL • 60148-4996

630-627-8100 • TOLL FREE ILLINOIS 1-800-624-6712

E-MAIL: ILFOOD@ILFOOD.ORG • FAX: 630-627-8106

October 22, 2004

Ms. Marva Arnold
Director
Division of Human Capital Development
Illinois Department of Human Services
401 South Clinton, 3rd Floor
Chicago, IL 60607

Re: Food Stamp Distribution Schedule

Dear Director Arnold:

We appreciate very much your willingness to have met with David Vite, President of the Illinois Retail Merchants Association, and myself on May 5, 2004, regarding the current food stamp benefits distribution schedule.

During that meeting, you requested detailed information concerning sales and customer counts showing activity in our member stores. On June 29, 2004, we mailed to your Springfield office reports provided by some of our members comparing company sales and customer counts on the first of the month to other days of the month.

The current schedule continues to cause problems for many of our member stores and for their customers. Therefore, we enclose copies of petitions signed by IFRA members requesting the Department to provide for a more even distribution of food stamp benefits throughout each month so that all customers, food stamp clients or otherwise, can be properly served. We will send additional signed petitions as we receive them.

I look forward to revisiting this very important issue with you and David Vite in the very near future.

Sincerely,

Brian R. Jordan
President

BRJ/ms
Enclosures

cc: Mr. David Vite, Illinois Retail Merchants Association

**ILLINOIS FOOD RETAILERS ASSOCIATION**

1919 S. HIGHLAND AVE. • SUITE 265 • D • LOMBARD, IL • 60148-4996

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E-MAIL: ILFOOD@ILFOOD.ORG • FAX: 630-627-8106

September 7, 2004

TO: ALL IFRA MEMBERS

FROM: Brian Jordan

SUBJECT: Update on Food Stamp Benefits Distribution Schedule

We last reported that Marva Arnold, Director of the Division of Human Capital Development of the Illinois Department of Human Services was concerned about the hardship it would cause (during the first month) those clients whose benefit availability would be changed to a different day. She had requested reports from the membership that would reinforce our arguments as to what is happening in the stores on the first of each month and, thus, the need for a more staggered distribution schedule. The reports we received were sent directly to the IDHS. To date, IDHS has not responded.

We know that the current schedule continues to cause problems for many of our member stores and for their customers. We ask you to help us in our continuing efforts to secure the needed schedule change by signing the enclosed "Petition to the Illinois Department of Human Services." If you are a multiple store company, please make copies of the form and complete a petition for each store location or attach a list of your store locations on to the one petition.

Please forward all completed petitions back to the Association office in the enclosed envelope. We will forward them on to the IDHS in one group. Additionally, if you would like to send a letter to IDHS explaining what is happening in your store the first day of each month please do so. On numerous occasions we have volunteered to arrange store tours for the Director and her staff on the first of the month. You may want to follow up with an invitation of your own. Please address your letters to:

Ms. Marva Arnold
Director Division of Human Capital Development
Illinois Department of Human Services
401 South Clinton, 3rd Floor
Chicago, IL 60607

PETITION

to the

Illinois Department of Human Services

WHEREAS

The Food Stamp Program is the cornerstone of the nation's strategy to combat hunger.

WHEREAS

Retail grocers play an integral role in the Food Stamp Program by providing access to a variety of nutritious foods.

WHEREAS

The Illinois Department of Human Services distributes food stamp benefits to clients via the Illinois EBT Link Card (which is utilized like a debit card) to over 500,000 households per month.

WHEREAS

Over sixty percent (60%) of all food stamp clients are issued their full monthly benefits at 12:01 a.m. on the first day of each month. The remaining forty percent (40%) of monthly benefits are more evenly distributed over the 3rd, 8th, 11th, 14th, 17th, 19th, 21st, and the 23rd of the month.

WHEREAS

The disproportionate distribution of food stamp benefits on the first of the month makes it very difficult for grocers to properly serve their customers (both Link and non-Link alike). Over-crowded stores, long checkout lines, and product out of stocks cause unnecessary delays and disgruntled recipients.

WHEREAS

Processing systems overload due to sheer volume of transactions, leaving clients unable to use their cards resulting in filled grocery carts abandoned in the aisles.

WHEREAS

Employees' work schedules are disrupted with anxiety-filled hours on the first day and week of each month and too few hours scheduled during the last two weeks of each month, resulting in a net loss of available hours to work.

WHEREAS

Local food pantries are experiencing increased demand for food products the last two weeks of each month and running short of inventory.

THEREFORE

I respectfully request the Illinois Department of Human Services to provide a more even distribution of food stamp benefits. Thank you for your consideration.

Signed _____

Date _____

Name _____

Company _____

Address _____

**ILLINOIS FOOD RETAILERS ASSOCIATION**

1919 S. HIGHLAND AVE. • SUITE 265 - D • LOMBARD, IL • 60148-4996

630-627-8100 • TOLL FREE ILLINOIS 1-800-624-6712

E-MAIL: ILFOOD@ILFOOD.ORG • FAX: 630-627-8106

May 7, 2004

Ms. Marva Arnold
Director
Division of Human Capital Development
Illinois Department of Human Services
401 South Clinton, 3rd Floor
Chicago, IL 60607

Dear Director Arnold:

On behalf of the Illinois Food Retailers Association whose membership is comprised of over 750 independent food retailers and their wholesale suppliers, please accept my thanks for taking time out of your busy schedule to meet with David Vite and me this past Wednesday.

The current food stamp distribution schedule is wreaking havoc on the first of the month in many of our member stores. With close to 70% of the Illinois Link Cards being loaded with benefits at 12:01 a.m. on the first of every month, retailers are having a very difficult time properly serving their customers, food stamp clients or otherwise.

Retailers would welcome the opportunity to have you visit their stores. I would be happy to arrange visits with our members, as Dave would be for chain store visits. Even with stores fully staffed, you will find excessively long checkout lanes, overcrowded stores, and out of stocks. Far too often the processing system becomes overloaded, leaving the clients unable to use their cards, resulting in angry recipients and overflowing grocery carts abandoned in the aisles.

Please let me know if we can arrange store visits for you or your staff. In the meantime, I am in the process of requesting the data that you have asked us to obtain.

Thank you again for your consideration. I look forward to our next meeting.

Sincerely,

Brian R. Jordan
President

BRJ/ms

EXHIBIT #8

Analysis of SB 120

The United Food and Commercial Workers support Senate Bill 120. SB 120, or the “Social Welfare Act,” was introduced on January 30, 2007, by Senators Scott, Jacobs, Clarke, Cherry, Brater, Hunter, Schauer, Cleason, Prusi, Garcia, and Birkholz. The bill was referred to the Committee on Families and Human Services. The bill states:

“THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 14j. (1) If the department determines that an individual is eligible for food assistance benefits, the department shall issue his or her regular food assistance benefits 2 times each month. The department may continue to issue food assistance benefits on a staggered basis by case ending digit.

(2) This section does not apply to issuing initial food assistance benefits, retroactive food assistance benefits, or supplemental food assistance benefits.”

Benefit to Food Stamp Recipients:

By receiving benefits twice a month rather than only once a month, it would be easier for food stamp recipients to budget themselves throughout the month. Just like more frequent pay periods make it easier for families to budget themselves, two monthly food stamp distribution periods would provide an equal benefit. Furthermore, by shopping twice a month rather than once, food stamp recipients would be able to purchase more fresh and healthy foods, rather than processed foods which often contain trans fats, and unhealthy preservatives.

Benefit to Employers and Workers:

Currently, the monthly food stamp program creates a problem in many stores in Michigan. Grocers find that their stores are busy the first 10 days of the month, then slow the remaining 20 days. In some stores, this means that they cannot carry any produce or fresh cut meat for those 20 days, which not only hurts sales, but effects other residents in the community.

This lack of business also creates a strain on workers, as many find themselves being pushed to work hard the first 10 days of the month, then see their hours get cut for the rest of the month. We believe that by having a more equal distribution of food stamps throughout the month, workers will see a more even, and overall greater distribution of hours. Furthermore, increased shipments of fresh produce, could lead to more hours and jobs in that industry as well.

Conclusion:

While no other states in the U.S. have attempted this, UFCW believes that Michigan has an opportunity to become a leader in new and innovative ways to distribute food stamps in a manner that is most beneficial to the economy. If passed into law, SB 120 would benefit food assistance recipients, grocery workers, and employers in the grocery industry.

Roger Robinson
Local 876 President
876 Horace Brown Dr.
Madison Heights, MI 48071



Marv Russow
Local 951 President
3270 Evergreen Dr. NE
Grand Rapids, MI 49525

United Food and Commercial Workers International Union

April 30, 2007

Dear Legislator,

The United Food and Commercial Workers strongly support SB 120, and any legislation that would create a twice monthly system of food stamp distribution.

Currently, the monthly food stamp program creates a problem in many stores in Michigan. Grocers find that their stores are busy the first 10 days of the month, then slow the remaining 20 days. In some stores, this means that they cannot carry any produce or fresh cut meat for those 20 days, which not only hurts hour availability and sales, but affects other residents in the community.

This lack of business also creates a strain on workers, as many find themselves being pushed to work harder the first 10 days of the month, then see their hours get cut for the rest of the month. We believe that by having a more equal distribution of food stamps throughout the month, workers will see a more even, and overall greater distribution of hours. Furthermore, increased shipments of fresh produce, could lead to more hours and jobs in that industry as well.

If you have any questions about this issue, please feel free to call me at 248-808-4387 or email me at chris.michalak@ufcw876.org.

Sincerely,

Chris Michalak
Legislative and Political Director

Indian Village Market

April 20, 2007

Dear Michigan Legislator:

I am writing to you today regarding the expansion of food stamp distribution from the first two weeks of the month, to issuing them in twice a month allotments. I have seen far too often my customers struggling to make their food stamps stretch the entire month. I am constantly being asked by my customers to either extend them credit or to provide food to them because they have run out of money and food stamps.

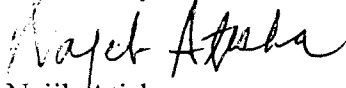
Adopting a twice a month distribution will also help me because it will allow me to better control my inventory and my employee schedules. I am currently pressing my employees to work more hours at the beginning of the month and then cutting their hours the last ten days of the month.

As a retailer I feel it is incumbent upon me to provide the very best quality of food products to my customers. I am not sure that I can truthfully say that I am with the food stamp distribution that way it is today. By the end of the month I am throwing out more fresh fruit and vegetables than I am selling. I find that I am freezing more meat at the end of the month than I do in the beginning of the month. I am finding that I have to pay closer attention to the sell by dates because I am not turning my inventory as quickly as I should.

I hear every day from my suppliers that they too are really feeling the economic pinch in areas that have a large food stamp population. I am afraid that I am going to lose some of my suppliers because of inconsistent sales volumes.

I am asking for your support of a twice monthly distribution.

Yours truly,


Najib Atisha

8415 East Jefferson, Detroit, Michigan 48214
PHONE (313) 824-5100 FAX (313) 824-7444

Thrifty Scot Supermarket

12021 Harper Avenue, Detroit, Michigan 48213

Telephone: (313) 527-0050

Fax: (313) 527-0188

April 23, 2007

To Whom It May Concern:

My supermarket is located on the East side of Detroit. About 80% of my customers buy products with food stamps and WIC coupons. To be perfectly frank, I am struggling. The bulk of my business is done within the first two weeks of the month. If it were not for food stamps and WIC I would have to close.

I understand that Senator Martha Scott has introduced legislation that would change the food stamp distribution from the first nine days of the month to having food stamps issued twice per month, this would spread the issuance over eighteen days.

Not only would this allow me to better serve my customers it would also control my inventory and schedule my employees.

In the twenty-five years that I have owned this store I have developed closeness with my customers and have seen how they have struggled to make their food stamp money last throughout the month. I believe that this legislation will make a real difference in my customer's lives.

I hope that you will help to pass this bill.

Sincerely,



Alaa Naimi

Thrift Scot Supermarket

D & R MARKET, INC.
1404 N CHEVROLET AVE, FLINT, MICHIGAN 48504

April 20, 2007

Dear Senate Family & Human Services Committee:

I am writing to you as a long-time member of the food retailing community who is quite concerned with food stamp disbursements. I have been made aware of the introduction of legislation (SB 120), that would issue food stamps 2 times a month on a staggered basis. I am strongly urging you to move this legislation forward.

My store serves many food stamp recipients and I can see first hand that they will eat better at the beginning of the month than they will as the month wears on. My customers seem to buy more fresh food items when their EBT card is loaded and more basic canned and packaged items later in the month. I feel that a twice monthly cycle will spread the allotment more evenly throughout the month.

The 2 times per month legislation will help me as a retailer make better buying decisions to keep more fresh produce and meats available over the month. Right now I'm having trouble sustaining the quantity and quality of products because my business is more than double the first half of the month as compared to the latter half.

Staffing is a problem because of the inconsistency of business volume. I am having a hard time keeping good help because I cannot guarantee that they will receive the kind of hours throughout the month. If food stamp payments were issued over the course of the month, employees would now be able to have the hours they need.

I hope that you as a committee will take the issue of a twice monthly food stamp payment to heart and move this legislation forward.

Sincerely,


Cynthia Roumeyah

(810) 239-7921

FAX (810) 239-6740



REACH Detroit Partnership

2727 2nd Ave. • Suite 300N • Detroit, MI 48201

(313) 961-1030 Fax (313) 961-1453

www.reachdetroit.org

May 1, 2007

To: Department of Human Services – Food and Nutrition Services

Re: Recommendation for Food Stamp EBT Payments

From: REACH Detroit Partnership

Date: May 1, 2007

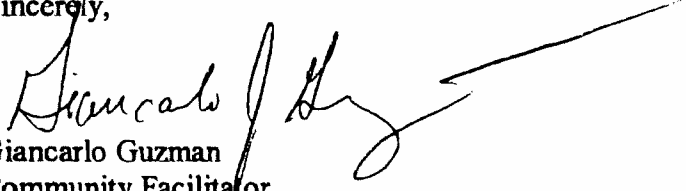
To Whom It May Concern:

I am writing this letter regarding the recommendation for food stamp EBT payments. As a community organization focusing on health disparities in the African-American and Latino communities of eastside and southwest Detroit we work with grocery stores and supermarkets to promote healthy cooking demonstrations and nutritional food purchases. An issue that has been brought to our attention involves the Michigan Department of Human Services conducting an evaluation of the recommended change in EBT Postings for Food Stamp benefits.

We support conducting an evaluation regarding the food stamp distribution method in the State of Michigan. We would like to see an increase in the number of supermarkets and grocery stores in our communities that offer quality and affordable healthy food throughout the month. It is our understanding that a change in the EBT posting for Food Stamp benefits would assist grocery stores and supermarkets to continue offering quality and affordable produce/nutritional options for the entire month.

Our community is concerned with the number of super markets and grocery stores available in the City of Detroit and it is our understanding that a change in the food stamp distribution method will not only help sustain the current grocery stores and supermarkets in our communities but will also encourage new grocery stores and supermarkets to service our communities with the same quality and affordable produce/nutritional options that Associated Food & Petroleum Dealers, Inc. (AFPD), members provide.

Sincerely,


Giancarlo Guzman
Community Facilitator
REACH Detroit Partnership

Racial and Ethnic Approaches to Community Health (REACH) 2010 is funded by the Centers for Disease Control and Prevention (CDC). REACH Detroit Partners include: Community Health and Social Services Center, Inc., University of Michigan Schools of Social Work and Public Health, Department of Health & Wellness Promotion, Michigan Department of Community Health, Henry Ford Health System, South East Michigan Diabetes Outreach Network, Friends Of Parkside, Community Partnership of Southwest Detroit, and Alkebu-lan Village



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Executive Director

Susan Ellis Goodell

amendertul

October 23, 2007

House of Representatives

Families & Children Services Committee

RE: House Bill 4923

I am writing today to ask you to support House Bill 4923, which would change the Food Stamp Program payment method from once a month to twice monthly. As you may know, Forgotten Harvest was formed to fight two problems: hunger and waste. Forgotten Harvest currently rescues over 8.6 million pounds of food per year by collecting surplus prepared and perishable food from grocery stores, restaurants, caterers, wholesale food distributors, and other Health Department-approved sources. This donated food is delivered – free of charge – to emergency food providers in the metro Detroit area.

Currently, all food stamp recipients receive their monthly benefits within the first ten days of the month. This results in very high food stamp usage in the beginning of each month. Often these recipients have no benefits left as the month ends. This causes a number of critical problems for Forgotten Harvest and also for the emergency food providers that we service.

Because recipients tend to spend most of their food stamp allotment at the beginning of the month, the demand for perishable food at shelters increases incrementally as the month goes on. Furthermore, grocery stores in areas where most customers receive assistance have a difficult time stocking and keeping fresh food. At the beginning of the month the stores are well stocked, but that is not always the case toward the end of the month because stores don't have adequate customers to purchase the products and do not want to purchase meat and produce that will rot.

Looking for wholesome food, these food stamp recipients then turn to emergency food providers, and Forgotten Harvest is challenged to provide more perishable food toward month's end.

By changing the Food Stamp payment method to twice monthly, recipients would have half of their allotment available for the second half of the month. Stores could stock their stores on a more even basis throughout the month and food shelters would not see such a dramatic fluctuation in demand from the beginning to the end of the month.

For these reasons, I ask you to please support House Bill 4923.

Sincerely,

Susan Goodell

Director

America's Second Harvest
The Nation's Food Bank Network

21800 Greenfield Road • Oak Park, MI 48237 • Phone (248) 967-1500 • Fax (248) 967-1510

www.forgottenharvest.org

